

107TH CONGRESS  
2D SESSION

# H. R. 4845

To amend XVIII of the Social Security Act to establish a Medicare demonstration project under which incentive payments are provided in certain areas in order to stabilize, maintain, or increase access to primary care services for individuals enrolled under part B of such title.

---

## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2002

Mr. LARSEN of Washington introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend XVIII of the Social Security Act to establish a Medicare demonstration project under which incentive payments are provided in certain areas in order to stabilize, maintain, or increase access to primary care services for individuals enrolled under part B of such title.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Medicare Incentive Ac-  
5       cess Act of 2002”.

1 **SEC. 2. INCENTIVE PAYMENT IN MEDICARE HEALTH PRO-**  
2 **FESSIONAL SHORTAGE AREAS DEMONSTRA-**  
3 **TION PROJECT.**

4 Title XVIII of the Social Security Act (42 U.S.C.  
5 1395 et seq.) is amended by adding at the end the fol-  
6 lowing new section:

7 “INCENTIVE PAYMENTS IN MEDICARE HEALTH PROFES-  
8 SIONAL SHORTAGE AREAS DEMONSTRATION PROJECT

9 “SEC. 1897. (a) ESTABLISHMENT.—

10 “(1) IN GENERAL.—The Secretary shall estab-  
11 lish a demonstration project under which—

12 “(A) pursuant to paragraph (3), the Sec-  
13 retary designates areas in a State selected  
14 under paragraph (5) as medicare health profes-  
15 sional shortage areas; and

16 “(B) an incentive payment is provided  
17 under part B to primary care physicians for  
18 each physician’s service (as defined in section  
19 1861(q)) that is furnished in a medicare health  
20 professional shortage area to an individual en-  
21 rolled under such part.

22 “(2) PRIMARY CARE PHYSICIAN DEFINED.—For  
23 purposes of this section, the term ‘primary care phy-  
24 sician’ has the meaning given such term for pur-  
25 poses of designating health professional shortage

1 areas under section 332(a) of the Public Health  
2 Service Act (42 U.S.C. 254e(a)).

3 “(3) DESIGNATION OF AREAS.—The Secretary  
4 shall designate an area in a State selected under  
5 paragraph (5) as a medicare health professional  
6 shortage area if the Secretary determines, using the  
7 methodology established under subsection (b)(1)(B),  
8 that individuals enrolled under part B and residing  
9 in the area have inadequate access to primary care  
10 physicians.

11 “(4) TERMS AND CONDITIONS.—

12 “(A) INCENTIVE PAYMENT IN ADDITION  
13 TO PAYMENT OTHERWISE MADE.—

14 “(i) IN GENERAL.—Subject to clause  
15 (ii), the incentive payment made under the  
16 demonstration project for a physician’s  
17 service shall be in addition to the amount  
18 otherwise made for the service under part  
19 B.

20 “(ii) NO PAYMENTS UNDER THE IN-  
21 CENTIVE PAYMENT PROGRAM IN A DEM-  
22 ONSTRATION STATE DURING OPERATION  
23 OF THE DEMONSTRATION PROGRAM.—Sub-  
24 ject to subparagraph (D), notwithstanding  
25 section 1833(m), during the operation of

1           the demonstration project in a State se-  
2           lected under paragraph (5), the Secretary  
3           may not make any incentive payment to  
4           any physician under such section for any  
5           service furnished in any part of such State,  
6           regardless of—

7                   “(I) whether the physician is eli-  
8                   gible for bonus payments under the  
9                   demonstration program; and

10                   “(II) where the service was fur-  
11                   nished in the State.

12                   “(B) AMOUNT OF INCENTIVE PAYMENT.—

13           The amount of the incentive payment for a phy-  
14           sician’s service furnished under the demonstra-  
15           tion project shall be an amount equal to 40 per-  
16           cent of the payment amount for the service  
17           under part B.

18                   “(C) NO EFFECT ON AMOUNT OF CO-  
19                   INSURANCE AN INDIVIDUAL IS REQUIRED TO  
20                   PAY.—The amount of any coinsurance that an  
21                   individual enrolled under part B is responsible  
22                   for paying with respect to a physicians’ service  
23                   furnished to the individual shall be determined  
24                   as if this section had not been enacted.

1           “(D) NO EFFECT ON PAYMENTS TO CRIT-  
2           ICAL ACCESS HOSPITALS.—The amount of pay-  
3           ment for outpatient critical access services of a  
4           critical access hospital under section 1834(g)  
5           shall be determined as if this section had not  
6           been enacted.

7           “(5) DEMONSTRATION SITES.—The Secretary  
8           shall conduct the demonstration project in 5 States  
9           selected by the Secretary as demonstration sites.

10          “(6) AUTOMATION OF INCENTIVE PAYMENTS.—

11               “(A) IN GENERAL.—Under the demonstra-  
12           tion project, incentive payments under para-  
13           graph (1)(B) to a primary care physician shall  
14           be made automatically to the physician rather  
15           than the physician being responsible for deter-  
16           mining when a payment is required to be made  
17           under that paragraph.

18               “(B) INCENTIVE PAYMENT BASED ON ZIP  
19           CODES.—In order to comply with subparagraph  
20           (A), the Secretary shall establish procedures in  
21           which the amount of payment otherwise made  
22           for a physician’s service is automatically in-  
23           creased by the amount of the incentive payment  
24           under the demonstration project if the service  
25           was furnished in any zip code that is entirely or

1 partially in a designated medicare health pro-  
2 fessional shortage area in a State selected  
3 under paragraph (5).

4 “(7) DURATION.—The demonstration project  
5 shall be conducted for a 3-year period. The period  
6 for establishing the methodology under subsection  
7 (b) shall not be counted for purposes determining  
8 such 3-year period.

9 “(b) ESTABLISHMENT OF METHODOLOGY FOR AS-  
10 SISTING SECRETARY IN DESIGNATING MEDICARE  
11 HEALTH PROFESSIONAL SHORTAGE AREAS.—

12 “(1) IN GENERAL.—The Secretary shall select  
13 1 or more Federal rural health research centers  
14 within the Health Resources Services Administration  
15 to establish a methodology to assist the Secretary in  
16 designating areas within the States selected under  
17 subsection (a)(5) as medicare health professional  
18 shortage areas pursuant to subsection (a)(3).

19 “(2) RULES FOR ESTABLISHING METHOD-  
20 OLOGY.—

21 “(A) IN GENERAL.—The methodology es-  
22 tablished under paragraph (1) shall address—

23 “(i) how to measure the percentage of  
24 the total population in an area that con-

1                   sists of individuals enrolled under part B;  
2                   and

3                   “(ii) the appropriate ratio of such in-  
4                   dividuals to primary care physicians in an  
5                   area in order to ensure that such individ-  
6                   uals have adequate access to services fur-  
7                   nished by such physicians.

8                   “(B) METHODOLOGY MAY BE SIMILAR TO  
9                   METHODOLOGIES USED UNDER THE PUBLIC  
10                  HEALTH SERVICE ACT.—The methodology es-  
11                  tablished under paragraph (1) may be similar  
12                  to methodologies utilized by the Secretary for  
13                  designating areas, and population groups within  
14                  areas, as health professional shortage areas  
15                  under section 332(a) of the Public Health Serv-  
16                  ice Act (42 U.S.C. 254e(a)).

17                  “(C) CONSULTATION.—The Federal rural  
18                  health research centers selected under para-  
19                  graph (1) shall consult with the State and local  
20                  medical societies of the States selected under  
21                  subsection (a)(5) in establishing the method-  
22                  ology under paragraph (1).

23                  “(c) NO EFFECT ON DESIGNATION AS A HEALTH  
24                  PROFESSIONAL SHORTAGE AREA.—Except as provided in  
25                  subsection (a)(4)(A)(ii), the designation of an area as a

1 medicare health professional shortage area under sub-  
2 section (a)(3) shall have no effect on the designation of  
3 such area as a health professional shortage area under  
4 section 332(a) of the Public Health Service Act (42 U.S.C.  
5 254e(a)).

6 “(d) WAIVER AUTHORITY.—The Secretary may  
7 waive such requirements of title XI and this title as may  
8 be necessary for the purpose of carrying out the dem-  
9 onstration project.

10 “(e) REPORT.—

11 “(1) IN GENERAL.—Not later than 6 months  
12 after the completion of the demonstration project,  
13 the Secretary shall submit to Congress a report on  
14 such project.

15 “(2) CONTENTS.—The report submitted under  
16 paragraph (1) shall contain—

17 “(A) an evaluation of whether the dem-  
18 onstration project has had the effect of stabi-  
19 lizing, maintaining, or increasing access of indi-  
20 viduals enrolled under part B to physicians’  
21 services furnished by primary care physicians,  
22 including whether the amount of the incentive  
23 payment is adequate to stabilize, maintain, or  
24 increase such access and if not, then what  
25 amount will;



1 “(B) a comparison of the effectiveness of  
2 the demonstration project in stabilizing, main-  
3 taining, or increasing such access with the ef-  
4 fectiveness of other Federal, State, and local  
5 programs, such as the incentive program under  
6 section 1833(m), that are designed to stabilize,  
7 maintain, or increase such access;

8 “(C) recommendations for such legislation  
9 and administrative actions as the Secretary con-  
10 siders appropriate; and

11 “(D) any other items that the Secretary  
12 considers appropriate.

13 “(f) FUNDING.—

14 “(1) INCENTIVE PAYMENTS.—The Secretary  
15 shall use funds in the Federal Supplementary Med-  
16 ical Insurance Trust Fund under section 1841 to  
17 make the incentive payments under this section.

18 “(2) ESTABLISHMENT OF METHODOLOGY.—

19 “(A) IN GENERAL.—There is authorized to  
20 be appropriated \$6,000,000 to establish the  
21 methodology under subsection (b)(1).

22 “(B) AVAILABILITY.—Any amounts appro-  
23 priated pursuant to subparagraph (A) shall re-  
24 main available until expended.”.

○